

SENATE BILL No. 516

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-10; IC 14-33-7-4.

Synopsis: Property tax exemptions. Eliminates acreage limitations for the property tax exemption for land used for certain exempt purposes. Allows a church or religious institution in a certain township to file a claim for a refund for taxes due and payable in 2001.

Effective: July 1, 2003.

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January 23, 2003, read first time and referred to Committee on Finance.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 516

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-10-16, AS AMENDED BY P.L.198-2001,
2 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2003]: Sec. 16. (a) All or part of a building is exempt from
4 property taxation if it is owned, occupied, and used by a person for
5 educational, literary, scientific, religious, or charitable purposes.
6 (b) A building is exempt from property taxation if it is owned,
7 occupied, and used by a town, city, township, or county for educational,
8 literary, scientific, fraternal, or charitable purposes.
9 (c) A tract of land, including the campus and athletic grounds of an
10 educational institution, is exempt from property taxation if
11 (1) a building ~~which~~ **that** is exempt under subsection (a) or (b) is
12 situated on it. ~~and~~
13 (2) ~~the tract does not exceed:~~
14 (A) ~~one hundred fifty (150) acres in the case of:~~
15 (i) ~~an educational institution;~~
16 (ii) ~~a tract that was exempt under this subsection on March~~
17 ~~1, 1987; or~~



- 1 ~~(B) two hundred (200) acres in the case of a local association~~
 2 ~~formed for the purpose of promoting 4-H programs; or~~
 3 ~~(C) fifteen (15) acres in all other cases.~~

4 (d) A tract of land is exempt from property taxation if:

- 5 (1) it is purchased for the purpose of erecting a building ~~which~~
 6 **that** is to be owned, occupied, and used in such a manner that the
 7 building will be exempt under subsection (a) or (b); **and**

8 ~~(2) the tract does not exceed:~~

9 ~~(A) one hundred fifty (150) acres in the case of:~~

10 ~~(i) an educational institution; or~~

11 ~~(ii) a tract that was exempt under this subsection on March~~
 12 ~~1, 1987;~~

13 ~~(B) two hundred (200) acres in the case of a local association~~
 14 ~~formed for the purpose of promoting 4-H programs; or~~

15 ~~(C) fifteen (15) acres in all other cases; and~~

16 ~~(3)~~ **(2)** not more than three (3) years after the property is
 17 purchased, and for each year after the three (3) year period, the
 18 owner demonstrates substantial progress towards the erection of
 19 the intended building and use of the tract for the exempt purpose.

20 To establish that substantial progress is being made, the owner
 21 must prove the existence of factors such as the following:

22 (A) Organization of and activity by a building committee or
 23 other oversight group.

24 (B) Completion and filing of building plans with the
 25 appropriate local government authority.

26 (C) Cash reserves dedicated to the project of a sufficient
 27 amount to lead a reasonable individual to believe the actual
 28 construction can and will begin within three (3) years.

29 (D) The breaking of ground and the beginning of actual
 30 construction.

31 (E) Any other factor that would lead a reasonable individual to
 32 believe that construction of the building is an active plan and
 33 that the building is capable of being completed within six (6)
 34 years considering the circumstances of the owner.

35 (e) Personal property is exempt from property taxation if it is owned
 36 and used in such a manner that it would be exempt under subsection (a)
 37 or (b) if it were a building.

38 (f) A hospital's property ~~which~~ **that** is exempt from property
 39 taxation under subsection (a), (b), or (e) shall remain exempt from
 40 property taxation even if the property is used in part to furnish goods
 41 or services to another hospital whose property qualifies for exemption
 42 under this section.

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(g) Property owned by a shared hospital services organization ~~which~~ **that** is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation if it is owned, occupied, and used exclusively to furnish goods or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-1 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

- (1) provides or supports the provision of charity care (as defined in IC 16-18-2-52.5), including providing funds or other financial support for health care services for individuals who are indigent (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or
- (2) provides or supports the provision of community benefits (as defined in IC 16-21-9-1), including research, education, or government sponsored indigent health care (as defined in IC 16-21-9-2).

However, participation in the Medicaid or Medicare program alone does not entitle an office, practice, or other property described in this subsection to an exemption under this section.

(i) A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

- (1) the tract is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold:
 - (A) in a charitable manner;
 - (B) by a nonprofit organization; and
 - (C) to low income individuals who will:
 - (i) use the land as a family residence; and
 - (ii) not have an exemption for the land under this section;
- (2) the tract does not exceed three (3) acres;
- (3) the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section; and
- (4) not more than three (3) years after the property is acquired for the purpose described in subdivision (1), and for each year after the three (3) year period, the owner demonstrates substantial progress towards the erection, renovation, or improvement of the intended structure. To establish that substantial progress is being made, the owner must prove the existence of factors such as the

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following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within six (6) years of the initial exemption received under this subsection.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the structure is an active plan and that the structure is capable of being:

(i) completed; and

(ii) transferred to a low income individual who does not receive an exemption under this section;

within six (6) years considering the circumstances of the owner.

(j) An exemption under subsection (i) terminates when the property is conveyed by the nonprofit organization to another owner. When the property is conveyed to another owner, the nonprofit organization receiving the exemption must file a certified statement with the auditor of the county, notifying the auditor of the change not later than sixty (60) days after the date of the conveyance. The county auditor shall immediately forward a copy of the certified statement to the county assessor. A nonprofit organization that fails to file the statement required by this subsection is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter.

(k) If property is granted an exemption in any year under subsection (i) and the owner:

(1) ceases to be eligible for the exemption under subsection (i)(4);

(2) fails to transfer the tangible property within six (6) years after the assessment date for which the exemption is initially granted;

or

(3) transfers the tangible property to a person who:

(A) is not a low income individual; or

(B) does not use the transferred property as a residence for at least one (1) year after the property is transferred;

the person receiving the exemption shall notify the county recorder and the county auditor of the county in which the property is located not

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1 later than sixty (60) days after the event described in subdivision (1),
 2 (2), or (3) occurs. The county auditor shall immediately inform the
 3 county assessor of a notification received under this subsection.

4 (l) If subsection (k)(1), (k)(2), or (k)(3) applies, the owner shall pay,
 5 not later than the date that the next installment of property taxes is due,
 6 an amount equal to the sum of the following:

7 (1) The total property taxes that, if it were not for the exemption
 8 under subsection (i), would have been levied on the property in
 9 each year in which an exemption was allowed.

10 (2) Interest on the property taxes at the rate of ten percent (10%)
 11 per year.

12 (m) The liability imposed by subsection (l) is a lien upon the
 13 property receiving the exemption under subsection (i). An amount
 14 collected under subsection (l) shall be collected as an excess levy. If
 15 the amount is not paid, it shall be collected in the same manner that
 16 delinquent taxes on real property are collected.

17 (n) Property referred to in this section shall be assessed to the extent
 18 required under IC 6-1.1-11-9.

19 SECTION 2. IC 6-1.1-10-21, AS AMENDED BY P.L.198-2001,
 20 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2003]: Sec. 21. (a) The following tangible property is exempt
 22 from property taxation if it is owned by, or held in trust for the use of,
 23 a church or religious society:

24 (1) A building ~~which that~~ is used for religious worship.

25 ~~(2) Buildings that are used as parsonages.~~

26 ~~(3) (2)~~ The pews and furniture contained within a building ~~which~~
 27 ~~that~~ is used for religious worship.

28 ~~(4) (3)~~ The tract of land ~~not exceeding fifteen (15) acres~~, upon
 29 which a building ~~described in this section that is used for~~
 30 **religious worship** is situated.

31 **(b) The following tangible property is exempt from property**
 32 **taxation if it is owned by, or held in trust for the use of, a church or**
 33 **religious society:**

34 **(1) A building that is used as a parsonage.**

35 **(2) The tract of land, not exceeding fifteen (15) acres, upon**
 36 **which a building that is used as a parsonage is situated.**

37 **(c)** To obtain an exemption for parsonages, a church or religious
 38 society must provide the county auditor with an affidavit at the time the
 39 church or religious society applies for the exemptions. The affidavit
 40 must state that:

41 (1) all parsonages are being used to house one (1) of the church's
 42 or religious society's rabbis, priests, preachers, ministers, or

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pastors; and

(2) none of the parsonages are being used to make a profit.

The affidavit shall be signed under oath by the church's or religious society's head rabbi, priest, preacher, minister, or pastor. The county auditor shall immediately forward a copy of the affidavit to the county assessor.

(c) (d) Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

SECTION 3. IC 14-33-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) This section applies to the following tangible property owned by or held in trust for the use of a church or religious society:

(1) A building that is used for religious worship.

(2) A building that is used as a parsonage.

(3) The pews and furniture contained within a building that is used for religious worship.

(4) **The land upon which a building that is used for religious worship is situated.**

(5) The land, not exceeding fifteen (15) acres, upon which a building ~~described in this section that is used as a parsonage~~ is situated.

(b) Property is exempt from the special benefits tax that may be imposed under:

(1) IC 14-33-6-13 and section 1 of this chapter; or

(2) IC 14-33-21-5;

to the extent that the special benefits tax revenue will be used for the construction or improvement of a water impoundment project, including a lake, pond, or dam.

(c) To obtain an exemption for a parsonage, a church or religious society must provide the county auditor with an affidavit at the time the church or religious society applies for the exemption. The affidavit must:

(1) state:

(A) that all parsonages are being used to house one (1) of the church's or religious society's rabbis, priests, preachers, ministers, or pastors; and

(B) that none of the parsonages are being used to make a profit; and

(2) be signed under oath or affirmation by the church's or religious society's head rabbi, priest, preacher, minister, pastor, or designee of the official church body.

SECTION 4. [EFFECTIVE JULY 1, 2003] **(a) A church or**

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1 religious institution located in a township having a population of
2 more than nineteen thousand (19,000) but less than thirty-nine
3 thousand (39,000) located in a county having a population of more
4 than two hundred thousand (200,000) but less than three hundred
5 thousand (300,000) may file a claim with the county auditor for a
6 refund for the payment of property taxes first due and payable in
7 2001. The claim shall be filed as set forth in IC 6-1.1-26-1, except
8 that the claim shall be based upon a determination of the
9 exemption of the property of the church or religious institution as
10 if IC 6-1.1-10-16, as amended by this act, had been in effect for
11 property taxes first due and payable in 2001.

12 (b) Upon receiving a claim filed under this SECTION, the
13 county auditor shall determine whether the claim is correct. If the
14 county auditor determines that the claim is correct, the auditor
15 shall, without an appropriation being required, issue a warrant to
16 the claimant payable from the county general fund for the amount
17 due the claimant under this SECTION.

18 (c) The amount of the refund shall equal the amount of the claim
19 so allowed, plus interest at six percent (6%) from the date on which
20 the taxes were paid or payable, whichever is later, to the date of the
21 refund.

22 (d) This SECTION expires January 1, 2004.

23 SECTION 5. [EFFECTIVE JULY 1, 2003] (a) IC 6-1.1-10-16,
24 IC 6-1.1-10-21, and IC 14-33-7-4, all as amended by this act, apply
25 only to property taxes first due and payable after December 31,
26 2004.

27 (b) This SECTION expires January 1, 2006.

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